

Line Of Business/Product Withdrawal

At least 45 days prior to the date an insurance company anticipates issuing notices of any type of withdrawal activity, the insurer must submit a formal withdrawal plan to the West Virginia Insurance Commission for approval.

A Line of Business/Product Withdrawal Plan should be submitted under any of the following circumstances:

- The insurer intends to discontinue the issuance of a policy at the end of the policy term
- The insurer intends to transition business from its company to an affiliated or non-affiliated insurer
- The insurer does not intend to offer renewal to a block of insurance business for a specific reason

Note: A Line of Business/Product Withdrawal Plan could potentially raise legal issues concerning proper notification procedures and policyholder rights of guaranteed issuance. Insurers considering withdrawal should consult with legal counsel prior to withdrawal to ensure statutory compliance.

LINE OF BUSINESS/PRODUCT WITHDRAWAL PLAN SUBMISSIONS MUST INCLUDE ALL APPLICABLE ITEMS LISTED:

- A. The type of withdrawal and the specific reasons for the decision to withdraw, including whether such decision is being effected in other states.
- B. A specific description of the product and/or lines of coverage for which withdrawal is being sought, and how a withdrawal from those lines will affect the insurer's writing of other coverages in West Virginia.

If the insurer intends to withdraw from a line of business which includes private passenger auto, the insurer must be made aware of the restrictions contained in WV Code §33-6A-1 and 4, cancellation for those insureds who have had two or more years of uninterrupted coverage is prohibited except for specified reasons; and with respect to homeowner policies WV Code §33-17A-4 and 5, cancellation for those insureds who have had four or more years of uninterrupted coverage is prohibited except for specified reasons.

WV Code §33-15-2d, 2e, 2g and WV Code of State Rules, Title 114, Series 55 address Individual Accident and Sickness coverage, while WV Code §33-16D-7; §33-16-32, and WV Regulations §114-54-6.3 address Group Accident and Sickness coverage, the referenced Code sections establish minimum notice of discontinuation requirements and require that the insurer may not re-enter into that line of business in this state for a period of five (5) years from the date the last policy was nonrenewed. Plans specific to withdrawal of a Medicare Supplement Plan must comply with WV Code of State Rules, Title 114, Series 24 (114CSR24), and a similar five (5) year absence from issuing a nonrenewed product. Plans involving health benefit plans issued in connection with group health plans must comply with WV Code of State Rules, Title 114, Series 54, Section 9 pertaining to guaranteed availability to small employers.

If the insurer intends to withdraw from a line of business which includes malpractice insurance, the insurer must be made aware of the restrictions contained in WV Code §33-20C-2, cancellation prohibited except for specified reasons for those insurers once having issued or delivered a policy providing malpractice in this state.

The above cited laws and regulations are for illustrative purposes only and are not intended to be an exhaustive listing of all laws restricting an insurer's ability to withdraw from a particular line of business.

C. The last 5 years of loss ratios sustained in West Virginia for each of the lines that the insurer requests withdrawal approval.

D. The number of policyholders or groups and certificate holders affected by the withdrawal from each product line of coverage. Including the territorial location of those affected.

E. The proposed time table(s) for commencing and completing the withdrawal. Such timeframe(s) should include dates on which the insurer intends to issue formal notices.

F. Copies of the proposed notifications and forms of termination notices to be used to effect the withdrawal from each line of coverage or product.

G. A description of policyholder service procedures to be used during the course of withdrawal which at a minimum should include: procedures for accommodating changes to policies, servicing complaints and claims, and the designation of a contact person for the Commission to access regarding issues that may arise during the withdrawal process. For Health Insurance Withdrawals: Details on how the insurer intends to comply with the applicable HIPPA statutes. e.g. Section 2712(C)(1) & (C)(2). Also, Section 2741 (C)(1) &(C)(2).

H. A certification that all applicable West Virginia insurance laws and regulations will be adhered to during the withdrawal/transition.

The West Virginia Insurance Commission shall promptly undertake a review of the applicant's withdrawal plan, and shall issue a written decision no later than 30 days after receipt of a completed filing which includes all applicable items listed in above. If the decision requires revisions in the applicant's withdrawal plan in whole or in part, the Commission shall state the changes required in the withdrawal plan. Nothing contained in the withdrawal/transition plan or the review process of the withdrawal/transition plan allows an insurer to cancel or non-renew any coverage that would violate state law or any provisions contained in the policy of insurance.